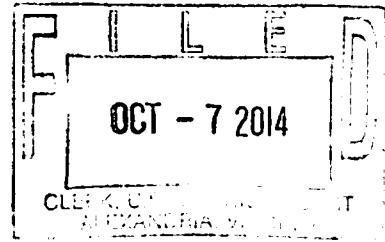


UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division



MIDATLANTIC FARM CREDIT, ACA

)

Plaintiff,

)

vs.

)

LEONARD S. MITCHEL

)

25305 Winter Lane

)

South Riding, Virginia 20152

)

(*Loudoun County, Virginia*)

)

and

)

SHERRY FROST

)

1072 Mapleton Lane

)

Columbus, North Carolina 28722

)

(*Polk County, North Carolina*)

)

Defendants.

COMPLAINT

The Plaintiff MidAtlantic Farm Credit, ACA (Agricultural Credit Association), by and through the undersigned counsel, brings this action against the above Defendants and requests that this Court grant the Judgment and injunctive relief and other relief sought herein against the Defendants.

SUMMARY OF THE CLAIM

Plaintiff MidAtlantic Farm Credit, ACA seeks Judgment in the amount of \$733,670.19 (plus interest and attorneys' fees) jointly and severally against Defendant Sherry Frost, as Borrower, pursuant to a Note she signed dated July 28, 2009 (**Exhibit 1**) as modified by Modification Agreement dated January 1, 2012 (**Exhibit 2**) (collectively, "the Note") ; and against Defendant Leonard S. Mitchel in the amount of \$733,670.19, pursuant to the Continuing Guaranty of the Note he signed dated July 20, 2009 (**Exhibit 3**).

Federal Jurisdiction is based on diversity: Plaintiff, MidAtlantic Farm Credit, ACA is a citizen of Maryland; Defendant Leonard S. Mitchel resides in Loudoun County, Virginia and Defendant Sherry Frost resides in North Carolina; and.

NATURE OF ACTION

1. This is a civil action to obtain a money judgment on contracts, brought pursuant to 28 USCS § 1332.

JURISDICTION AND VENUE

2. The Court has subject-matter jurisdiction pursuant to 28 USC § 1332:

Title 28 USC § 1332. Diversity of citizenship; amount in controversy; costs

(a) The district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$ 75,000, exclusive of interest and costs, and is between--

(I) Citizens of different States; . . .

3. Plaintiff MidAtlantic Farm Credit, ACA is a federally-chartered member of the federal farm credit system, with its principal office and place of business located at 45 Alerion Court, Westminster, Maryland, 21157. Pursuant to Title 12 USC §2258, Plaintiff MidAtlantic Farm Credit, ACA is deemed to be a citizen of Maryland for diversity jurisdiction purposes:

Title 12 USC § 2258. Jurisdiction

Each institution of the [Farm Credit] System shall for the purposes of jurisdiction be deemed to be a citizen of the State, commonwealth, or District of Columbia in which its principal office is located.

4. Defendant Sherry Frost resides in, and for purpose of federal diversity jurisdiction is deemed a "citizen of," Polk County, North Carolina. At the time the loan was made, she was a resident and citizen of Maryland, but she has since moved to North Carolina (**Exhibit 4**).

5. Defendant Leonard S. Mitchel resides in, and for purpose of federal diversity jurisdiction is deemed a "citizen of," Loudoun County, Virginia.

6. Venue properly lies in this district pursuant to 28 U.S.C. § 1391(b) (3) because one of the defendants, Leonard S. Mitchel, resides in this district (in Loudoun County, Virginia, located in the Eastern District of Virginia, Alexandria Division) and there is no other district in which an action may otherwise be brought as provided in 28 U.S.C. § 1391(b).

FACTS

7. MidAtlantic Farm Credit, ACA ("MidAtlantic Farm Credit") is the owner and holder of a Note made by Sherry Frost dated July 28, 2009, in the principal amount of \$780,000, with a fixed interest rate of 6.25%, a true and accurate copy of which is attached hereto as **Exhibit 1** ("the Note").

8. The Note was modified by a Modification Agreement made by Sherry Frost dated January 1, 2012 in the amount of \$745,175.49, with a fixed interest rate of 5.5%, a true and accurate copy of which is attached hereto as **Exhibit 2** (the "Note Modification Agreement").

9. The Note as modified by the Note Modification Agreement shall be referred to herein simply as "the Note."

10. As modified, the Note provides for monthly payments in the amount of \$4,807.71 to be made beginning February 1, 2012, with a final installment of the unpaid principal and interest due on January 1, 2017.

11. The Note, as modified, bears interest at 5.5% per annum.

12. The Note, as modified, is guaranteed by the Continuing Guaranty of Defendant Leonard S. Mitchel (**Exhibit 3**) ("the Guaranty").

13. MidAtlantic Farm Credit has made demand for payment in full, which payment has not been forthcoming.

14. The last payment made on the Note by Defendant Sherry Frost was on March 21, 2014. Since that time no payments have been made.

15. The Note has been declared in default and is now due and payable in full according to its terms.

16. Demand for Payment has been made of the Defendants, and payment has not been forthcoming.

17. The Note provides that in addition to the principal and interest, MidAtlantic Farm Credit is entitled to recover a 5% late charge, plus its attorney's fees incurred in the collection:

If Association employs attorneys to collect the indebtedness evidenced by this note, or to enforce or preserve any rights provided for herein or relating to any security for this note, or suit is filed hereon, . . . then, in addition to any principal, interest or other charges as provided for herein, Association shall also recover all costs and expenses, including attorney's fees and legal expenses reasonably incurred in connection therewith

...
If any installment of principal and/or interest is not paid when due and remains unpaid at the end of fifteen (15) calendar days, a late charge equal to the sum of Four and 00/100 percent (4.00%) of the overdue installment shall be paid by undersigned to Association, not to exceed a maximum of \$25.00.

18. The Continuing Guaranty provides, in relevant measure, that Defendant Leonard S. Mitchel:

... the undersigned hereby unconditionally guarantees to Lender, its successors and assigns, the prompt payment and performance of all liabilities and obligations of Borrower to Lender, now existing or hereafter arising, direct or contingent, primary or secondary, whether advanced in full or by stages or installments, as and when the same become due and payable (whether by acceleration or otherwise) and all renewals, extensions, refinances, modifications, reamortizations or any rearrangements thereof, together with all interest, premiums or finance charges thereof, costs of court and reasonable attorney's fees

19. As of October 2, 2014, Defendants owe MidAtlantic Farm Credit the total amount as follows:

Principal	\$705,941.16
Interest as of 10/2/14	\$ 25,786.79
Late Charges due	\$ 1,346.17
Misc. Fees Due	\$ 1,685.57
Unapplied Funds (credit)	<u>(\$ 1,089.50)</u>
TOTAL DUE:	\$733,670.19

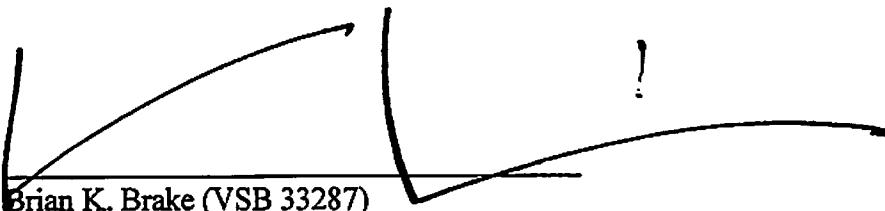
with a per diem of \$105.90 per day thereafter; plus reasonable attorney's fees and expenses incurred in the course of collection.

PRAYER FOR RELIEF

WHEREFORE, MidAtlantic Farm Credit of the Virginias, ACA moves for judgment against Defendants Leonard S. Mitchel and Sherry Frost, jointly and severally, in the amount of \$733,670.19, plus interest at 5.5% per annum on the principal balance of \$705,941.16 from October 2, 2014, until paid in full, plus its reasonable attorney's fees incurred in the collection of the Note and Continuing Guaranty.

Respectfully submitted this 3rd day of October, 2014.

MIDATLANTIC FARM CREDIT, ACA
By Counsel



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